

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
APRIL 10, 2008

The Members of the Department of Financial Institutions met at 10:00 a.m., EDT, at 30 South Meridian Street, Suite 300, Indianapolis, Indiana. Present from the Department were Judith G. Ripley, Director; John J. Schroeder, General Counsel, Deputy Director, Non-Depository Division and Secretary; James M. Cooper, Deputy Director, Depository Division and Assistant Secretary; Gina R. Williams, Deputy Director, Administration Division; Troy Pogue, Supervisor, Administration Division; Mark K. Powell, Supervisor, Credit Union Division; Mark Tarpey, Supervisor, Consumer Credit Division; Gloria Thomson, Field Examiner and Ronda Bailey, Executive Secretary. Representing Harvester Federal Credit Union was John Newett, President/CEO.

I. PUBLIC SESSION: 10:00 a.m.

- A. Members Present: Richard J. Rice, Chairman; Mark A. Schroeder, Vice Chairman; Michael W. Davis, Donald E. Goetz, Paul R. Sweeney and Judith G. Ripley, Director.
- B. Approval of the minutes of the meeting held February 15, 2008. Chairman Rice entertained a motion to approve the minutes of February 15, 2008. Mr. Sweeney moved approval of the minutes; Mr. Schroeder seconded the motion, thereby passing unanimously.
- C. Date of next meeting. May 9, 2008 @ 10:00 a.m., at the Indiana Department of Financial Institutions, 30 South Meridian Street, Suite 300, Indianapolis, Indiana.

D. CREDIT UNION DIVISION:

1. Harvester Federal Credit Union, Indianapolis, Marion County, Indiana

This application was presented by Mark K. Powell, Supervisor, Credit Union Division. Mr. Powell introduced John Newett who was attending the meeting representing the applicant. Harvester Federal Credit Union (Harvester) has applied to the Members of the Department of Financial Institutions for approval of their proposed conversion from a federal to a state charter. Harvester is a federal credit union, chartered, regulated, and insured by the National Credit Union Administration (NCUA). As of December 31, 2007, Harvester assets of \$51.9 million and total equity of \$5.3 million. The board of directors of Harvester adopted a resolution on November 23, 2007, which authorized John Newett, President/CEO of the credit union to pursue all of the necessary regulatory approvals to accomplish a conversion from federal to state charter.

Upon conversion, Harvester will be governed by the provisions of I.C. 28 applicable to state chartered credit unions. As a state chartered credit union, Harvester will be regulated by the Department of Financial Institutions and insured by the National Credit Union Share Insurance Fund. In order to convert to a state chartered credit union, Harvester must follow the conversion statutes contained with I.C. 28 and the Federal Credit Union Act.

Mr. Powell described Harvester as being considered to be fundamentally sound with adequate capital and earnings and minimal asset quality problems, and directed the Members to more detailed information in their packets.

Mr. Powell informed the Members that it was determined by the Department staff that the proposed conversion of Harvester Federal Credit Union to an Indiana state charter meets the requirements of I.C. 28-7-1-29. The Department's Report of Examination of the applicant and the investigation by the staff has concluded that the resulting Indiana state chartered credit union will be operated in a safe, sound, and prudent manner.

Based upon the aforementioned findings, the staff recommended that the proposed conversion of Harvester Federal Credit Union be approved.

A motion for approval of the conversion was made by Mr. Davis and seconded by Mr. Goetz. The motion was unanimously approved.

E. DIRECTOR'S COMMENTS AND REQUESTS :

1. The Department presented to the Members for approval a resolution to delegate authority to the Director to appoint a representative of the Department to serve on the Mortgage Lending and Fraud Prevention Task Force. **A motion for approval of the resolution was made by Mr. Schroeder and seconded by Mr. Sweeney. The motion was unanimously approved.**
2. Gina Williams updated the Members on the Department's current financial condition and projected results for fiscal year ending ("FYE") June 30, 2008. The update was in anticipation of presenting the proposed fee schedules for FYE June 30, 2009 to the Members at their next meeting. Ms. Williams briefly explained each of the fee and expenditure accounts and the major increases or decreases from the prior FYE and original projections. Salary and fringe benefit costs represent approximately 80% of total expenditures and increased from FY 07, despite a lower average staffing level, primarily because of increased insurance costs, a GSA in December 2007, and salary increases associated with the State's Pay for Performance program. Financial projections for FYE June 30, 2008 estimate a \$166,000 operating deficit for the year. Ms. Williams pointed out that this will be the third consecutive year the department will operate at a deficit and although the fund balance is still at an adequate level, preliminary projected operating deficit for FYE 2009 of \$216,000 will require the Members' consideration of fee increases to maintain an adequate fund balance. The Members were informed department management had initiated a Work at Home Policy as well as recently relocating the Lafayette district office to the northwest side of Indianapolis to reduce travel costs. **This update was provided to the Members for informational purposes only.**
3. Director Ripley and John Schroeder provided the Members a brief update on HEA 1359 and SEA 352. **This update was provided to the Members for information purposes only.**

4. **North Salem State Bank, North Salem, Hendricks County, Indiana**

On January 23, 2008, the bank notified the Department of its intent to establish a wholly owned subsidiary pursuant to IC 28-13-16. The subsidiary will be known as **NSSB Investments, Inc.** and will be incorporated and commercially domiciled in Las Vegas, Nevada. **This item was for informational purposes only.**

5. **German American Bancorp, Jasper, Dubois County, Indiana**

On January 28, 2008, the bank notified the Department of its intent to establish two wholly owned subsidiaries pursuant to IC 28-13-16. GAB Capital Funding Corp. and GAB Funding Corp. GAB Capital will be incorporated and commercially domiciled in Las Vegas, Nevada and GAB Funding will be incorporated in the state of Maryland. **This item was for informational purposes only.**

6. **Heartland Community Bank, Franklin, Johnson County, Indiana**

On February 28, 2008, the bank notified the Department of its intent to establish a wholly owned subsidiary pursuant to IC 28-13-16. The subsidiary will be known as HCB Investments Inc. HCB Investments will be incorporated and commercially domiciled in Las Vegas, Nevada. **This item was for informational purposes only.**

7. **Irwin Union Bank and Trust Company, Columbus, Bartholomew County, Indiana**

The Bank notified the Department that the "Greenwood Branch" closed on March 2, 2008. The branch was located at 107 N. State Road 135, Greenwood, Indiana. **This item was for informational purposes only.**

8. **Tower Bank & Trust Company, Fort Wayne, Allen County, Indiana**

The Bank notified the Department that the "Angola Branch" closed on February 15, 2008. The branch was located at 3333 North Wayne Street, Angola, Indiana. **This item was for informational purposes only.**

9. **MainSource Bank, Greensburg, Decatur County, Indiana**

The Bank notified the Department that the "Franklin Branch" closed on December 31, 2007. The branch was located at 98 North Main Street, Franklin, Indiana. **This item was for informational purposes only.**

F. **ACTIONS BY DELEGATED AUTHORITY:**

1. **M&I Marshall & Ilsley Bank, Milwaukee, Milwaukee County, Wisconsin**

M&I Marshall & Ilsley Bank ("M&I") has merged with First Indiana Bank, National Association ("First Indiana"), Indianapolis, Indiana on February 2, 2008. M&I is the resulting bank after the merger and has retained First Indiana's branches in Indiana. This foreign corporation application is being filed to enable the surviving corporation to transact business in Indiana in accordance with the provisions of IC 28-1-22 and IC 28-2-17. CT Corporation System, 251 East Ohio Street, Suite 1100, Indianapolis, Marion County, Indiana

has been appointed as resident agent for service of legal process by M&I. **A Certificate of Admission**

was issued by the Director on February 19, 2008, under delegated authority.

2. First Security Bank of Owensboro, Inc., Owensboro, Daviess County, Kentucky

First Security Bank of Owensboro, Inc. ("First Security") has merged with Warrick Loan and Savings Association ("Warrick Loan"), Boonville, Indiana through a series of transactions on January 23, 2008. First Security is the resulting bank after the merger and has retained the main office of Warrick Loan as an Indiana branch. This foreign corporation application is being filed to enable the surviving corporation to transact business in Indiana in accordance with the provisions of IC 28-1-22 and IC 28-2-17. S&H Jeffersonville, LLC, 323 East Court Street, Jeffersonville, Clark County, Indiana has been appointed as resident agent for service of legal process by First Security. **A Certificate of Admission was issued by the Director on February 19, 2008, under delegated authority.**

3. State Bank of Lizton, Lizton, Hendricks County, Indiana

The bank has applied to the Department for approval to establish a branch office to be located at 900 East 56th Street, Brownsburg, Hendricks County, Indiana. The branch is to be known as the State Bank of Lizton. **This request was approved by the Director on March 10, 2008, under delegated authority.**

4. Monroe Bank, Bloomington, Monroe County, Indiana

The bank has applied to the Department for approval to establish a branch office to be located at 15941 Cumberland Road, Noblesville, Hamilton County, Indiana. The branch is to be known as Noblesville Banking Center. **This request was approved by the Director on March 10, 2008, under delegated authority.**

5. Mercantile Bank, Quincy, Adams County, Illinois

An application for issuance of a certificate of admission was received from Mercantile Bank, Quincy, Adams County, Illinois ("Mercantile"). Mercantile filed the application to enable it to transact business in Indiana in accordance with the provisions of IC 28-1-22. The bank intends to conduct banking activity through a Loan Production Office in Carmel, Indiana. Mercantile is an Illinois state chartered commercial bank. Kevin P. Murphy, 12508 Pembroke Circle, Carmel, Hamilton County, Indiana has been appointed as resident agent for service of legal process by Mercantile. **A Certificate of Admission was approved by the Director on March 10, 2008, under delegated authority.**

6. Teachers Credit Union, South Bend, St. Joseph County, Indiana

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. IC 28-7-1-10 allows a credit union to add one or more qualified groups to its field of membership. This amendment would place the following organizations into the field of membership of the credit union:

L & A Transport – Edwardsburg, MI – 2 members (common bond of occupation as defined

by 28-7-1-10)

Sohum Hotels Muncie, LLC – Muncie – 10 members (common bond of occupation as defined

by 28-7-1-10)

Rifenberg Life and Health Agency – Niles, MI – 2 members (common bond of occupation as defined by 28-7-1-10). **This request was approved by the Director on February 29, 2008, under delegated authority.**

7. Forum Credit Union, Indianapolis, Marion County, Indiana

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. IC 28-7-1-10 allows a credit union to add one or more qualified groups to its field of membership. This amendment would place the following organizations into the field of membership of the credit union:

Today's Staffing – Indianapolis – 1,500 members (common bond of occupation as defined by 28-7-1-10)

Main Gate – Indianapolis – 135 members (common bond of occupation as defined by 28-7-1-10)

Spicy Pickle, Inc. – Fishers – 34 members (common bond of occupation as defined by 28-7-1-10)

The Iron Skillet Restaurant – Indianapolis – 28 members (common bond of occupation as defined by 28-7-1-10). **This request was approved by the Director on March 4, 2008, under delegated authority.**

8. State Merit Service Credit Union, Indianapolis, Marion County, Indiana

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. IC 28-7-1-10 allows a credit union to add one or more qualified groups to its field of membership. This amendment would place the following organizations into the field of membership of the credit union:

Interstate Brands – Indianapolis – 750 members (common bond of occupation as defined by 28-7-1-10). **This request was approved by the Director on March 4, 2008, under delegated authority.**

9. Teachers Credit Union, South Bend, Saint Joseph County, Indiana

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. IC 28-7-1-10 allows a credit union to add one or more qualified groups to its field of membership. This amendment would place the following organizations into the field of membership of the credit union:

Barbour Construction, LLC – Edwardsburg, MI – 2 members (common bond of occupation as defined by 28-7-1-10)

Advanced Irrigation – Niles, MI – 10 members (common bond of occupation as defined by 28-7-1-10)

Michiana Tool Rental – Niles, MI – 4 members (common bond of occupation as defined by 28-7-1-10)

Bruno's Pizza of Niles – Niles, MI – 5 members (common bond of occupation as defined by

28-7-1-10). **This request was approved by the Director on March 25, 2008, under delegated authority.**

10. Forum Credit Union, Indianapolis, Marion County, Indiana

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. IC 28-7-1-10 allows a credit union to add one or more qualified groups to its field of membership. This amendment would place the following organizations into the field of membership of the credit union:

Maxwell Electric – Indianapolis – 85 members (common bond of occupation as defined by 28-7-1-10)

SOS Storage – Indianapolis – 4 members (common bond of occupation as defined by 28-7-1-10)

C.I.K. Enterprises – Indianapolis – 84 members (common bond of occupation as defined by 28-7-1-10). **This request was approved by the Director on March 26, 2008, under delegated authority.**

11. 47th & Broadway Currency Exchange, Inc. is requesting a consumer loan license. Applicant is based in Gary, Indiana. They will be making small, single- pay, short-term, pay day type loans under IC 24-4.5-7. They will be servicing their loans. **This request was approved by the Director on March 7, 2008, under delegated authority.**

12. Main Street Financial, Inc. is requesting a consumer loan license. Applicant is based in Pendleton, Indiana. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title companies. **This request was approved by the Director on March 7, 2008, under delegated authority.**

13. ClearPoint Financial Solutions, Inc. is requesting a budget service company license. Applicant is based in Richmond, Virginia. Business will be conducted via Internet, mail, T.V., radio and phone solicitations. **This request was approved by the Director on March 7, 2008, under delegated authority.**

14. Garden State Consumer Credit Counseling, Inc. d/b/a Novadebt is requesting a budget service company license. Applicant is based in Freehold, New Jersey. The business will use advertising, Internet and mail solicitation in Indiana. **This request was approved by the Director on March 7, 2008, under delegated authority.**

15. Comprehensive Auto Resources Company d/b/a Carco is requesting approval as third party administrator for a Guaranteed Auto Protection (GAP) Program. Applicant is based in Exton, Pennsylvania. **This request was approved by the Director under delegated authority on March 7, 2008, subject to review at a future date by DFI as deemed**

necessary.

16. **GMAC Risk Services, Inc d/b/a Gap Care Advantage** is requesting approval as third party administrator for a Guaranteed Auto Protection (GAP) Program. Applicant is based in Southfield, Michigan. **This request was approved by the Director under delegated authority on March 7, 2008, subject to review at a future date by DFI as deemed necessary.**

Other Business. Chairman Rice asked if there was other business. There being no further business, Chairman Rice entertained a motion to adjourn the meeting. Mr. Davis moved for adjournment and Mr. Schroeder seconded the motion, thereby passing unanimously.

APPROVED:

ATTEST:

Richard J. Rice, Chairman

John J. Schroeder, Secretary